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SIPDIS
TELEGRAM

July 30, 2003

To: No Action Addressee
Action: Unknown
From: AMEMBASSY ABU DHABI (ABU DHABI 3553 - ROUTINE)
TAGS: ABUD, AMGT, APER
Captions: None
Subject: ESCALATING HEALTH CARE COSTS IN THE UAE DICTATE FUNDING
FOR FSN HEALTH INSURANCE
Ref: None

UNCLAS ABU DHABI 03553

SIPDIS
CXABU:
ACTION: DCM
INFO: ECON POL AMB ADM
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INFO: PER

DISSEMINATION: DCM
CHARGE: ICAS

APPROVED: AMB:MAHBA
DRAFTED: ECON:CCRUMPLER
CLEARED: A/DCM:VDVATE; MGT:BARKLEY; ECON:JOHN; POL:MENARD; HRO:GAFFNEY

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FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC 1103
INFO RUEHDI/AMCONSUL DUBAI 3312

UNCLAS SECTION 01 OF 02 ABU DHABI 003553

SIPDIS

FOR NEA/SA/EX KATHLEEN AUSTIN-FERGUSON, STEVE HARTWELL,
MICHELLE ESPERDY

E.O. 12958: N/A
TAGS: [ABUD](#) [AMGT](#) [APER](#)
SUBJECT: ESCALATING HEALTH CARE COSTS IN THE UAE
DICTATE FUNDING FOR FSN HEALTH INSURANCE

REFS: A) BOOTH-BARKLEY E-MAIL DTD. 6/30/03
B) MARSHALL-BARKLEY MEMO DTD. 6/30/03
C) BARKLEY-KEITH E-MAIL DTD. 6/23/03
D) STATE 170942
E) ABU DHABI-FRANK MEMO DTD. 4/23/03
F) STATE 97917
G) ABU DHABI 1728
H) 02 ABU DHABI 2829
I) 02 ABU DHABI 1502

¶1. SUMMARY AND ACTION REQUEST: IN THE LAST TWO YEARS,
THERE HAS BEEN A DRAMATIC EROSION IN THE PREVIOUSLY
GENEROUS HEALTH BENEFITS PROVIDED BY THE UAEG TO NON-

CITIZEN RESIDENTS. THE HIGHEST HEALTHCARE COSTS IN THE GULF REGION, COMBINED WITH DECREASING GOVERNMENT SUBSIDIES IN RECENT YEARS, HAVE FORCED THE UAEG TO CHARGE EXPATRIATES FOR NEARLY ALL HEALTH SERVICES. SINCE 1996, THE UAEG HAS REQUIRED EXPATRIATES TO HOLD A HEALTH CARD -- ISSUED BY THE MINISTRY OF HEALTH, A LOCAL HOSPITAL, OR A PRIVATE HEALTH INSURANCE COMPANY -- AS A PREREQUISITE FOR A RESIDENCY PERMIT. THE UAE MINISTER OF HEALTH RECENTLY ADMITTED TO LOCAL REPORTERS, HOWEVER, THAT THE HEALTH CARD SCHEME HAS NOT WORKED, AND EXPATRIATES IN REALITY PAY FOR MOST OF THEIR MEDICAL TREATMENT. MANY PEOPLE ARE UNABLE FINANCIALLY TO COVER THEIR OWN HEALTH CARE COSTS, AND THEREFORE DELAY TREATMENT AND ENDANGER THEIR HEALTH.

12. SUMMARY AND ACTION REQUEST CONTINUED: IN SPRING 2001, THE UAEG ANNOUNCED A PLAN TO MAKE IT COMPULSORY FOR EMPLOYERS TO PROVIDE PRIVATE MEDICAL INSURANCE FOR EXPATRIATE WORKERS. PROGRESS ON CODIFICATION OF THIS LEGISLATION HAS BEEN SLOW, HOWEVER, DUE TO THE COMPLICATED CONSENSUS-BASED DECISION-MAKING PROCESS OF THE UAE BUREAUCRACY. COMPARATOR COMPANIES AND COUNTERPART DIPLOMATIC MISSIONS DETERMINED IN 2001 THAT INSURING THEIR EMPLOYEES WAS A DE FACTO REQUIREMENT, DESPITE THE ABSENCE OF A LAW. POST REITERATES ITS REQUEST TO WASHINGTON TO BUDGET FOR FSN HEALTH INSURANCE IN FY04. END SUMMARY AND ACTION REQUEST.

HEALTH CARE SYSTEM IN THE UAE IS BROKEN

13. THE CURRENT HEALTH CARE SYSTEM IN THE UAE DISCRIMINATES AGAINST EXPATRIATE WORKERS -- WHO COMPRISE MORE THAN 85 PERCENT OF THE COUNTRY'S POPULATION AND 98 PERCENT OF PRIVATE SECTOR WORKERS. UAE NATIONALS PAY BETWEEN 25 DIRHAMS (US \$6.80) AND 100 DIRHAMS (US \$27.23) FOR A HEALTH CARD THAT ENTITLES THEM TO LARGELY FREE HEALTH CARE FOR FOUR YEARS. EXPATRIATES, ON THE OTHER HAND, ARE CHARGED BETWEEN 100 DIRHAMS (US \$27.23) AND 300 DIRHAMS (US \$81.68) FOR A HEALTH CARD FOR ONE YEAR, WITH ADDITIONAL FEES FOR ROUTINE HEALTHCARE SERVICES -- 50 DIRHAMS (US \$13.61) FOR EACH X-RAY OR ULTRASOUND, 75 DIRHAMS (US \$20.45) FOR AN INTRAVENOUS PYELOGRAM, OR 100 DIRHAMS (US \$27.23) FOR A CT SCAN. SINCE 2001, EXPATRIATES HAVE PAID FOR ALL MEDICATIONS. SUCH CHARGES CAN BE A HUGE FINANCIAL BURDEN ON OUR FSNS.

14. PRICES FOR PHARMACEUTICALS AND SOME MEDICAL TESTS IN THE UAE ARE NOW 20-30 PERCENT HIGHER THAN IN THE REST OF THE GULF, AND MORE THAN 50 PERCENT HIGHER THAN PRICES OF SIMILAR PRODUCTS IN THE INDIAN SUBCONTINENT. THIS IS AN UNEXPECTED CONSEQUENCE OF POST'S EFFORTS TO ENSURE UAE COMPLIANCE WITH ITS WTO PATENT PROTECTION OBLIGATIONS. AS THE RESULT OF WASHINGTON'S AGGRESSIVE CAMPAIGN TO RID THE UAE MARKET OF CHEAP ILLEGAL COPIES OF PATENT-PROTECTED MEDICINES, THE UAE HEALTH SECTOR NOW IS LARGELY DEPENDENT ON DRUGS FROM EUROPE AND THE UNITED STATES -- IN TURN PUSHING UP PRICES OF BASIC MEDICINES.

COMPULSORY PRIVATE HEALTH INSURANCE IS THE SOLUTION

15. THE QUASI-PARLIAMENTARY FEDERAL NATIONAL COUNCIL FIRST RAISED MANDATORY EMPLOYER-PROVIDED PRIVATE HEALTH INSURANCE IN 1999. THE PROPOSITION WAS RECOGNITION BY THE UAEG THAT ITS CURRENT HEALTH CARD SCHEME FALLS SHORT OF PROVIDING BASIC HEALTH SERVICES TO THE UAE'S MORE THAN 3 MILLION EXPATRIATE WORKERS. THE UAEG, HOWEVER, MAY NEVER SIGN THE PLAN INTO LAW. THE UAE'S CONFEDERAL STRUCTURE REQUIRES THAT THE RULERS OF ALL SEVEN EMIRATES RATIFY LEGISLATION, THE PRESIDENT GIVES HIS FINAL APPROVAL, AND THE LAW IS PUBLISHED AS OFFICIAL -- A LENGTHY AND DIFFICULT PROCESS THAT HAS MIRED MANY GOOD PROPOSITIONS IN THE BUREAUCRACY FOR YEARS. POLITICAL SENSITIVITIES AND SECURITY CONCERNS ALSO HINDER THE PROVISION OF CODIFIED RIGHTS AND PRIVILEGES FOR THE

UAE'S MASSIVE FOREIGN POPULATION.

PREVAILING PRACTICE: MANDATORY HEALTH INSURANCE

¶6. PROPOSITIONS, SUCH AS MANDATORY HEALTH INSURANCE, OFTEN ARE THE PREVAILING PRACTICE WITHOUT EVER BECOMING OFFICIAL LEGISLATION. AS PART AND PARCEL OF THEIR EFFORTS TO PROVIDE A SAFE WORKING ENVIRONMENT AND ACCEPTABLE LIVING STANDARDS FOR THEIR EMPLOYEES, OUR COMPARATORS AND MANY OTHER LOCAL EMPLOYERS ARE PROVIDING PRIVATE HEALTH INSURANCE TO STAFF. COUNTERPART DIPLOMATIC MISSIONS (AUSTRALIA AND UNITED KINGDOM) DETERMINED IN 2001 THAT IT WAS NECESSARY TO PROVIDE HEALTH INSURANCE FOR THEIR STAFF. THE UAE'S MONOPOLY TELECOM PROVIDER AND LARGEST EMPLOYER RECENTLY CONTRACTED A NATIONAL INSURANCE COMPANY TO PROVIDE PRIVATE HEALTH INSURANCE FOR ITS MORE THAN 20,000 STAFF COUNTRYWIDE.

DELAY OF FSN HEALTH INSURANCE HAS TRAGIC CONSEQUENCES

¶7. ALTHOUGH NO ONE CAN PREDICT WHETHER A TRAGIC DEATH COULD HAVE BEEN AVOIDED BY THE PROVISION OF BETTER HEALTH CARE, OUR EMBASSY FAMILY HAS SUFFERED RECENT LOSSES THAT COULD HAVE BEEN AVOIDED BY BETTER HEALTH CARE. FOR EXAMPLE, IN MAY 2003, AN EMBASSY DRIVER WHO WAS ONLY ONE WEEK AWAY FROM RETIREMENT SUDDENLY DIED FROM A PROBABLE HEART ATTACK. HE PREVIOUSLY HAD SOUGHT TREATMENT FOR CHEST PAINS AT THE EMBASSY HEALTH UNIT, BUT TOLD HIS SUPERVISOR THAT HE WAS DELAYING THE RECOMMENDED FOLLOW UP CARE UNTIL HE RETURNED TO INDIA -- WHERE HE COULD AFFORD TREATMENT. ALTHOUGH POST'S HEALTH UNIT HAS IMPLEMENTED A PROGRAM OF REGULAR MEDICAL REVIEWS OF DRIVERS AND OTHER FSN EMPLOYEES, THE LACK OF HEALTH INSURANCE CONTINUES TO DISSUADE OUR EMPLOYEE FROM SEEKING FOLLOW-UP CARE AT LOCAL HEALTH FACILITIES.

¶8. CONCLUSION/ACTION REQUEST: WHILE THE UAEG HAS YET TO PASS LEGISLATION (AND MAY NEVER DO SO) FOR MANDATORY EMPLOYER-PROVIDED HEALTH INSURANCE, THEY ARE RELYING ON THE FACTS ON THE GROUND TO SOLVE THE PROBLEM. AS MENTIONED IN PARA 6, MOST INSTITUTIONS ARE NOW PROVIDING HEALTH INSURANCE AND WE STRONGLY BELIEVE THE U.S. MISSION SHOULD AS WELL. POST REQUESTS BUDGET ALLOCATION TO FUND FSN HEALTH INSURANCE AS OF SEPTEMBER 21, 2003.

WAHBA